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SUBJECT: SPAIN: 2003 ANNUAL TERRORISM REPORT

Spain's counterterrorism efforts focused both on combating ETA terrorism and in taking action against suspected al Qaeda operatives in Spain. ETA activity dropped significantly in 2003 due to tougher laws, increased police and judicial pressure, and effective international cooperation, particularly with France. Spanish police and Spain's independent judiciary continued to take action against al Qaeda operatives in Spain during 2003. In September 2003, Spanish Judge Baltasar Garzon indicted Osama Bin Laden and 34 other al Qaeda members or suspects (ten of whom are in Spanish custody). In January 2003, Spanish police arrested 16 North Africans suspected of links to the al Qaeda network. Judge Ruiz Polanco later released them for insufficient evidence, although the investigation remains open. Spain has been a strong proponent of international counterterrorism cooperation, both within the EU and as Chairman of the UN Counterterrorism Committee. Spain passed a new terrorist finance law in 2003.

Following is the 2003 terrorism report submission for Spain.

1A. GOS SUPPORT FOR GLOBAL ANTI-TERRORISM COALITION

1. Actions against Al Qaeda Operatives

Building on arrests made in 2001 and 2002, Spanish police made additional arrests of Al Qaeda suspects during 2003.

In January, police arrested 16 North African (mostly Algerian) nationals in Catalunya suspected of having ties with al Qaeda operatives in the UK and France. In the course of the arrests, Spanish police seized manuals on chemical war, chemical products, and fraudulent IDs and passports. Judge Ruiz Polanco provisionally closed the case on June 24 after a Spanish lab report on the chemical evidence proved inconclusive. However, Ruiz Polanco reopened the case in September after receiving a lab report from the FBI. The FBI report maintained that substances confiscated with the suspects, when mixed with other components, could result in homemade napalm. Out of the sixteen suspects, the Judge re-interrogated four (Mohamed Nebbar, Mohamed Taharaoui, Djamel Boudjeltia, and Ali Kaouka) on September 30, and later re-released them, but this time on bail. The case remains open.

On March 7, Spanish national police in Valencia arrested four Spaniards and one Pakistani. They were accused of belonging to a financial network involved in laundering money that was then sent to al Qaeda operatives. The Spanish Ministry of Interior also linked these suspects to a terrorist attack that took place in April 2002 in Yerba, Tunisia, in which 19 people were killed. On March 12, 2003 Judge Isabel Moreno ordered two of these suspects (Spaniard Enrique Cerda and Pakistani Ahmed Ruksar) remanded to prison pending further investigation of the case. The other three suspects were released.

On August 6, Algerian national Diaouad Albdelhai was arrested in Lloret de Mar, Catalunya. Germany had sought his arrest for association with Abdelrazak Mahdjoub, who was arrested in Hamburg the week before (Mahdjoub reportedly confessed he was planning terrorist attacks in Costa del Sol, Spain). Germany requested Albdelhai's extradition on

September 4; the request is still pending.

On September 5, police arrested Taysir Alony, a Syrian-born Spanish national and journalist with the Al Yazira TV network. Judge Garzon accused Alony of being part of an al Qaeda cell that was arrested (on Garzon's order) in November 2001. The leader of the cell is Syrian-born Spanish national Eddin Barakat Yarkas. Alony was also accused of passing funds on behalf of al Qaeda during his travels to Afghanistan. On September 11, Judge Garzon remanded Alony to jail without bail. However, in October, another Spanish judge set Alony free on 6,000 euros bail, citing health reasons.

On September 18, Spanish police arrested in Alicante, Granada and Madrid the following people: Moroccan citizen, Saddik Merizak, as well as Syrian citizens Hassan Alhusein; Jamal Hussein Hussein; Waheed Kalami; and Ahmad Koshagi Kalami. All of them were accused by Judge Garzon of giving logistical and propaganda support to al Qaeda and of having ties with Eddin Barakat Yarkas and his al Qaeda cell. They were sent to prison on September 21, except for Jamal Hussein who was released on 60,000 euros bail.

12. Blocking of terrorist assets

Spain has cooperated with the U.S. in blocking terrorist assets. The Spanish Parliament passed new legislation in May 2003 to improve the blocking of terrorist financing.

The new law permits the blocking of suspected terrorist accounts by Spanish executive branch action and creates an inter-ministerial commission on terrorism finance. Prior to the passage of this law, Spanish authorities had to obtain a court order before they could freeze accounts. The Parliament also passed new legislation in July to stiffen penalties for money laundering, which will also impede terrorist financing.

In May 2003, the United States included Batasuna, the political wing of the terrorist organization ETA, on its terrorist finance list. In June 2003, the EU also included Batasuna in its lists of terrorist organizations.

Spain supports the creation of a UN list of terrorist organizations. In September 2003, President Aznar advocated for a UN list in a speech to the Counterterrorism Committee, which Spain chairs in 2003-04.

Spain co-chairs the Financial Action Task Force (FATF) Terrorist Finance working group along with the United States. In this role, Spain has been instrumental in developing best practices on charities and other areas of concern. Spain also provides significant counterterrorism assistance to Latin American countries.

14. Counter-Terrorism Laws

In February 2003, the Spanish Parliament approved a law to increase security for politicians in the Basque region who are threatened with ETA assassination. The law increases funding to provide more bodyguards and other protection for local politicians. Spanish courts in the Basque region also enforced laws passed in 2002 that increase prison terms and provided for damages against those convicted terrorist related street crimes. The new laws treat ETA-inspired vandalism as terrorist acts and impose fines on parents for pro-ETA destruction caused by their minor children. Pro-ETA vandalism in the Basque region, such as the burning of buses or cash machines, dropped by over half in 2003 as a result of these measures.

1B. RESPONSE OF THE JUDICIAL SYSTEM

11. On September 17, Judge Garzon issued a 700-page provisional indictment against Osama Bin Laden and 34 other al Qaeda members. The indictment included Imad Eddin

Barakat Yarkas and ten other members (or suspected members) of his Spain-based al Qaeda cell. The Barakat Yarkas cell members are all in Spanish custody. The indictment outlined their support for al Qaeda and alleged links to 9-11 conspirators.

(Garzon's order confirmed that the following persons, suspected of membership in an al Qaeda cell, would remain in Spanish custody without bail: Imad Eddin Barakat Yarkas; Mohamed Ghaleb Kalaje Zouadi; Mohamed Needl Acaid; Mohamed Zaher Asade; Jasem Mahboule; Osama Darra; Luis Jose Galan (aka Yusuf Galan); Taysir Alony (aka Abu Musab); Said Chedadi; Najib Chaib Mohamed; and Driss Chebli. Al Jezira journalist Alony was subsequently released on bail on health grounds by another judge, but the investigation into his case remains active.)

¶2. On March 17, the 16 member Spanish Supreme Court ruled unanimously to de-legalize Batasuna, Herri Batasuna, and Euskal Herriarrok, which constituted the political arm of the ETA terrorist organization. The de-legalization included seizure of all assets of these groups and denied them any public subsidy, as had been the case while Batasuna was a legal political party.

¶3. As of December, Spanish police had arrested over 120 persons in 2003 for association with or membership in ETA, and dismantled nine ETA operational terrorist cells. The Spanish strategy has also emphasized actions against ETA's support structure. Numbers of arrests of members of ETA's recruitment and support structures include: 15 people in February; nine in April; 29 in October; and 12 in November. In 2003 there were about 500 ETA members in jail in Spain and over a hundred in France. In early December 2003, French police arrested top leaders of ETA's military wing including Gorka Palacios and Idon Fernandez Iradi (aka Susper), dealing another severe blow to ETA. Fernandez was reportedly preparing attacks in Spain to coincide with the 2003 Christmas season.

¶4. In March 2003, Judge Garzon issued an order suspending the activities of the Reconstructed Communist Party of Spain, the political arm of the terrorist organization GRAPO. As of December 2003, and thanks to relentless police and judicial pressure in coordination with France, GRAPO had conducted no terrorist acts in Spain in 2002 or 2003.

¶C. EXTRADITION OF TERRORISTS

Under the 2001 bilateral agreement between France and Spain for temporary delivery of suspected terrorists imprisoned in France to stand trial in Spain, France has transferred prisoners under the agreement four times as of December ¶2003. In addition to these temporary deliveries, France has extradited to Spain six ETA members and has expelled three others.

Spain has been a strong proponent within the EU of the European wide arrest and detention order (the "euro-order"), which it plans to apply to terrorists and organized crime once the measure goes into force in the EU in 2004.

¶D. IMPEDIMENTS TO EXTRADITION

Spain has also been a strong proponent within the EU of an EU-wide extradition agreement with the U.S. However, Spain supports the EU consensus of opposing extradition to the U.S. if a prisoner will be subject to the death penalty. In practice, extradition to the US is possible once Spanish judicial concerns regarding application of the death penalty are resolved (Spain would insist on advance agreement that the death penalty not be applied to persons extradited to the U.S.).

¶E. OTHER HOST RESPONSES

Spanish government public statements on the War on Terrorism have been vocal and strongly supportive, not only in the wake of 9-11 and Afghanistan, but also regarding coalition military action in Iraq, which was unpopular with the Spanish public.

F. MAJOR COUNTERTERRORISM EFFORTS UNDERTAKEN IN 2003

1. Spain took over chairmanship of the UN Counterterrorism Committee.

2. Spain co-chairs the Financial Action Task Force terrorist finance working group.

3. On January 8, Spain and the U.S. signed an agreement under the Container Security Initiative (CSI) to enhance anti-terrorist control measures. Implementation of the program remains pending.

4. On February 9, Spain initiated cooperation with the U.S. in the Strait of Gibraltar Escort Operation in the protection of U.S. ships transporting military material to the Gulf area.

5. Spain and France negotiated in November an agreement by which their respective police forces will be able to work in each other's country, investigating cases related to ETA, Islamic extremist terrorism, counternarcotics, trafficking in persons crimes, etc. This agreement is a consequence of the EU 2002 agreement to create "multi-national police investigation teams." France and Spain are the first two countries that have negotiated the application of the EU agreement.

6. With respect to the Iraq conflict, in August 2003, 1300 Spanish troops deployed in Southern Iraq.

G. and H. None

I. CHANGE IN ATTITUDE TOWARD TERRORISM

Spain has suffered from ETA and other terrorist groups for over 30 years and has a deep commitment to using all legal means to combat terrorism, in Spain and internationally. Spain welcomes the increased international cooperation in combating terrorism that has emerged since 9-11. Spanish leaders believe the global war on terrorism has translated into increased police, judicial and international political pressure on ETA that is taking a heavy toll on ETA's operational effectiveness. Thanks to this pressure Spanish leaders believe that ETA is getting closer to being rendered inoperative as a coordinated terrorist organization.

ARGYROS